

Ecotricity Ltd - Consolidated Segmental Statement

Year ended 30 April 2024

In relation to Standard Licence Condition 19A of the Gas and Electricity Supply Licences, Ecotricity are pleased to present our Consolidated Segmental Statement ("CSS") for our financial year ended 30 April 2024.

#ID		Unit	Electricity supply		Gas supply		Aggregate supply business
			Domestic	Non-domestic	Domestic	Non-domestic	
1	Total revenue	£'M	117.0	273.3	43.3	24.0	457.6
1.1	Revenue from sale of electricity and gas	£'M	116.7	272.6	43.3	24.0	456.6
1.2	Other revenues	£'M	0.3	0.7	0.0	0.0	1.0
2	Total operating costs	£'M	117.5	249.8	49.2	18.5	435.0
2.1	Direct fuel costs	£'M	49.7	128.9	29.5	14.1	222.2
	Direct costs:	£'M					
2.2	Transportation costs	£'M	19.9	48.3	7.9	2.0	78.1
2.3	Environmental and social obligations costs	£'M	18.1	43.9	0.3	0.1	62.4
2.4	Other direct costs	£'M	0.1	2.4	0.1	0.0	2.6
2.5	Indirect costs	£'M	29.7	26.3	11.4	2.3	69.7
3	EBITDA	£'M	(0.5)	23.5	(5.9)	5.5	22.6
3.1	Depreciation and amortisation	£'M	0.0	0.0	0.0	0.0	0.0
3.2	EBIT	£'M	(0.5)	23.5	(5.9)	5.5	22.6
4	Volume	TWh, m therms	0.3	0.8	17.0	9.7	
5	WACO E/G	£/MWh, p/th	165.7	161.1	173.5	145.4	
6	Meter Points	000s	90.9	19.6	53.8	3.2	167.5

Basis of preparation

The following notes show the basis of preparation of the 2024 Consolidated Segmental Statement:

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. It is net of value added tax.

The Company's primary source of revenue is the supply of green electricity and green gas to business and domestic customers. It is recognised based on each customer's meter readings to calculate the volume supplied, multiplied by the customer's tariff. Where the last meter reading is before the year end, the customer's consumption is estimated using industry data.

Any revenue received in advance is included in deferred income. Unbilled revenue is included in accrued income to the extent that it is considered recoverable based on historical data.

Other revenues include Renewable Obligation Certificate (ROC) recycle benefit income.

Direct fuel costs

Direct fuel costs represent the purchase of electricity and gas for the purpose of delivery of energy for customer consumption. Our electricity is 100% green – made from the sun and the wind. We generate about 15% of it ourselves and the rest is certified green energy we buy from other green generators or via the wholesale market.

Hedging

Ecotricity follow a hedging policy to manage risk effectively. Forward contracts are entered into for the delivery of electricity and gas to help mitigate uncertainty surrounding wholesale costs.

For customers on variable tariffs, the hedging strategy is driven by the need to purchase power and gas in advance in order to meet the customer demand, whilst staying in line with Ofgem's price cap methodology. This is accomplished via forward bilateral purchasing using a risk mitigation strategy.

For customers on fixed tariffs, Ecotricity's strategy is to hedge with a bespoke agreement with a counterparty for power on a 'buy-on-demand' basis.

These contracts will be settled through physical delivery of electricity and gas, rather than cash. The Company expects to take delivery of the full volume of electricity and gas as contracted and bears all volumetric risk.

Transportation costs

Transportation costs are incurred in delivering energy to our customers. These are industry standard costs: for electricity, they comprise Transmission ("TNUoS"), Balancing Services Systems ("BSUoS"), Distribution ("DUoS") and, for gas, they are Transmission costs. These are allocated to our segments using the industry determined cost structures, by volume, meter count or capacity as relevant.

Environmental and social obligation costs

Environmental and social obligation costs comprise our purchase of Renewable Obligation Certificates ("ROCs"), as well as Energy Company Obligations ("ECO"), Warm Home Discounts ("WHD"), Assistance for Areas with High Electricity Distribution Costs ("AAHEDC"), and Feed in Tariffs ("FiT"). ROCs and FiT costs are allocated based on volume supplied. ECO and WHD are allocated as domestic-only costs. AAHEDC costs are allocated using the industry standard allocation by region.

Other direct costs

These comprise direct costs incurred that are not otherwise outlined above. Examples include fees associated with purchase of wholesale energy and levy payments.

Indirect costs

Indirect costs comprise payroll and staff-related expenses for the energy supply business, metering costs, central cost recharges relating to the supply business and other costs necessary for operation of the business. We have allocated indirect costs using our internal cost centre structures, with any shared services being allocated using management's best judgement of the proportion of costs incurred by each segment.

EBITDA

This is defined as earnings before interest, tax, depreciation and amortisation. It is a calculation

of our revenue, less direct and indirect costs.

Volume

Volume references the latest available industry settled volumes recorded at the time the financial statements were presented.

WACO E/G

This is the calculated weighted average cost of our electricity and gas wholesale cost, for which we have divided our total fuel costs by our settled volume above.

Meter points

This is the number of individual MPRNs and MPANs we supplied energy to for the year, calculated by adding monthly closed meter points and dividing by 12.

Reconciliation of CSS to Ecotricity Limited year end financial statements

You can reconcile from our year end financial statements to our CSS statement above for both revenue and profit as follows:

	Revenue	EBIT and EBITDA / Operating profit
Per year end financial statements	457.6	4.7
Adjustment 1		(0.7)
Adjustment 2		18.6
Per CSS Submission	457.6	22.6

Adjustment 1 relates to activity within Ecotricity Limited which does not relate to the supply of energy to domestic and non-domestic meter points.

Adjustment 2 relates to central recharged costs which do not relate to the supply of energy to domestic and non-domestic meter points, including but not limited to impairment charges and certain legal costs.